

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2005-260-G - ORDER NO. 2005-553  
OCTOBER 12, 2005

IN RE: Petition of South Carolina Electric & Gas	)	ORDER GRANTING
Company for an Emergency Order	)	PETITION FOR
Concerning Sale of Approved Emergency Gas	)	EXTENSION OF
(Supply Related).	)	EMERGENCY ORDER

This matter comes before the Commission pursuant to South Carolina Electric & Gas Company's ("SCE&G's") Petition for an Extension of the Commission's September 8, 2005, Emergency Order Concerning Sales of Approved Emergency Gas (Supply Related) (Order No. 2005-482). Because of the need for prompt action to extend Order No. 2005-482, and because the need for the September 8, 2005 Emergency Order remains unchanged, the Commission hereby grants the requested relief without a hearing on this matter.

Order No. 2005-482 was issued on September 8, 2005, following a September 1, 2005 hearing conducted jointly with the application of South Carolina Pipeline Corporation (SCPC), which was filed simultaneously seeking similar relief. At that hearing, Sam Dozier, Vice President for SCPC, testified concerning the disruptions of the natural gas supply caused by Hurricane Katrina. While gas commodity supplies and transportation were available to serve curtailed customers, such supplies were available

only at significantly elevated prices. Mr. Dozier noted that SCE&G had adequate firm supply through SCPC to meet all anticipated firm demands, and the concerns about gas supply related only to service to interruptible customers

In Order No. 2005-482, the Commission approved SCE&G's request to offer Supply-Related Emergency Gas to curtailed interruptible customers priced at the actual delivered daily price of the specific source of supply used to serve the Customer, plus the applicable Commission-approved margin for the curtailment category and other applicable costs and charges. The Order specifically required that gas supplies purchased to provide Supply-Related Emergency Gas service to interruptible customers not be considered in computing SCE&G's weighted average cost of gas or in administering any aspects of SCE&G's Purchased Gas Adjustment process or orders. By its terms, Order No. 2005-482 expired on September 30, 2005.

SCE&G has indicated in its Petition for Extension that since Order No. 2005-482 was issued a significant number of SCE&G's customers have utilized the Supply-Related Emergency Gas. As a result, these customers have been able to continue operating their factories and businesses despite disruptions in gas supply and in the supply of alternative fuels such as propane and fuel oil. In its Petition for Extension, SCE&G has set forth its present practices for confirming sales of Authorized Emergency Gas (Supply Related) and its policies related to balancing and penalties. SCE&G also requested authorization to provide interruptible service to curtailed customers where capacity exists on its system to provide such service.

As indicated in the Petition for Extension, upstream supplies of natural gas and alternative fuels are still limited. Before Hurricane Rita entered the Gulf of Mexico, approximately 35% of the natural gas production in the Gulf was still out of production due to Hurricane Katrina. Hurricane Rita resulted in the suspension of recovery efforts from Hurricane Katrina and has damaged production further. An additional round of interruptible curtailments began early in the week of September 18, 2005, as production was shut-in in anticipation of Hurricane Rita's predicted path and landfall point.

Based upon the evidence and SCE&G's Petition, the Commission finds that:

1. The deliveries to SCPC's upstream pipelines of significant quantities of gas for which SCE&G has contracted to provide service to its customers remain disrupted;
2. Because of the disruptions of SCE&G's upstream supply, SCE&G has had to curtail certain categories of interruptible service pursuant to Section VII of its General Terms and Conditions;
3. Gas Commodity supplies and transportation remain available only at significantly elevated prices;
4. SCE&G's current practices and policies related to confirming sales of Authorized Emergency Gas (Supply-Related) and to balancing and penalties are just and reasonable; and
5. Granting SCE&G's Petition and extending Order No. 2005-482 is in the best interests of its system and its customers, and, given the high prices of gas supplies, the most economically sensible course of action.

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

1. The Petition of South Carolina Electric & Gas Company for an Extension of this Commission's September 8, 2005, Emergency Order Concerning Sales of Approved Emergency Gas (Supply Related) is approved;

2. So long as gas supplies and transportation services are available, and in its discretion, SCE&G may offer customers Emergency Gas (Supply Related) on an interruptible basis to allow certain customers who would otherwise be curtailed to continue normal operations;

3. Emergency Gas (Supply Related) will be priced at:

- a. The actual delivered daily price of the specific source of supply allocated by SCE&G to serve the Customer, plus
- b. The Commission approved maximum contract margin for service to customers falling in the applicable curtailment category, plus
- c. All other costs and charges related to the specific gas supply used to serve the customer.

4. Sales volumes and supply costs related to the Approved Emergency Gas (Supply Related) shall not be considered in computing SCE&G's weighted average cost of gas in administering any aspects of SCE&G's Purchased Gas Adjustment process or orders.

5. SCE&G may continue to use its present practices related to confirming transactions and administering the sale of Approved Emergency Gas (Supply Related).

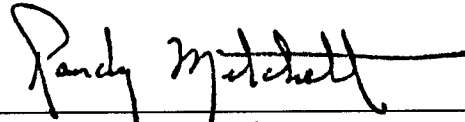
6. SCE&G may waive curtailment of interruptible transportation service on a day-to-day basis where curtailments are supply-related and where SCE&G determines that capacity exists to provide the requested interruptible transportation service.

7. This Emergency Order, as extended, shall remain in effect through November 30, 2005.

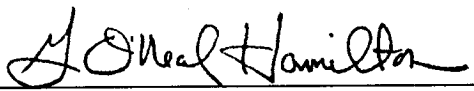
8. This Emergency Order is effective *nunc pro tunc* as of October 1, 2005.

9. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
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Randy Mitchell, Chairman

ATTEST:

  
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G. O'Neal Hamilton, Vice Chairman

(SEAL)